

**Department of Energy**

Washington, DC 20585

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MEMORANDUM FOR FIELD CHIEF FINANCIAL OFFICERS

FROM:

James T. Campbell
JAMES T. CAMPBELL
DEPUTY DIRECTOR, OFFICE OF MANAGEMENT
BUDGET AND EVALUATION/DEPUTY CHIEF
FINANCIAL OFFICER

SUBJECT:

Safeguards and Security Work for Others Guidance

We have received a request for standardized guidance from the Financial Management Systems Improvement Council (FMSIC) on the recovery of safeguards and security (S&S) costs from our work for others (WFO) customers. FMSIC cites inconsistent practices among our contractors in the recording of funds recovered from our customers and offered options to address these concerns for our consideration.

While FMSIC's preferred option, to fully fund S&S costs, would eliminate the need for recovery of S&S costs from our customers, such an option requires Congressional approval. In the absence of full funding or other direction from Congress, we will continue to recover S&S costs from our WFOs customers; however, it is imperative that the accounting practices to record such recovery be consistent among all offices. Our review of WN-05 and ZN-05 accounts confirmed the inconsistent accounting practices cited by FMSIC. To address these inconsistencies, we are providing the following accounting entries to standardize the accounting practices among all offices. These entries should be made concurrently with the recognition of cost and revenue in the related fund types 1X, 2X, or 3X.

1. To recognize the S&S expense.
Fund type: SA, Appropriation 89X0228.91
DR 8132, Net Cost of Operations (B&R WN05)
CR 3212, Accrued Expenses-Other
2. To recognize the S&S revenue.
Fund type: 58, Appropriation 895228.1
DR 14XX, Accounts Receivable
CR 8132, Net Cost of Operations (B&R ZN05)

Offices that are not currently recording costs and revenues consistent with the above methodology must change their practices accordingly effective October 2002. Should you have any additional questions regarding this matter, please contact Mr. Gregory Dulovich at (202) 586-0462.



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